

House Amendment to
Senate File 583

S-5052

1 Amend Senate File 583, as amended, passed, and reprinted by
2 the Senate, as follows:

3 1. By striking everything after the enacting clause and
4 inserting:

5 <Section 1. NEW SECTION. **476.49 Billing methods for**
6 **distributed generation customers.**

7 1. *Definitions.* For purposes of this section, unless the
8 context otherwise requires:

9 a. *"Alternate energy production facility"* means the same as
10 defined in section 476.42.

11 b. *"Distributed generation customer"* means a person
12 other than a public utility that interconnects an eligible
13 distributed generation facility to an electric distribution
14 system.

15 c. *"Distributed generation facility"* means the same as
16 defined in section 476.58, subsection 1, paragraph "b",
17 subparagraph (2) or (3).

18 d. *"Electric utility"* means a public utility that furnishes
19 electricity to the public for compensation that is required to
20 be rate-regulated under this chapter.

21 e. *"Eligible distributed generation facility"* means a
22 distributed generation facility that elects a billing method
23 pursuant to subsection 3, and to which all of the following
24 apply:

25 (1) The facility is located behind a customer's electricity
26 meter.

27 (2) The facility is interconnected to the electric utility
28 distribution system.

29 (3) The facility has an aggregate nameplate capacity less
30 than or equal to one megawatt alternating current.

31 (4) The facility has a capability to produce no more than
32 one hundred ten percent of the customer's annual electricity
33 usage.

34 (5) The facility's generating capacity and associated
35 energy is intended to serve only the on-site electric

1 requirements of the customer.

2 *f. "Inflow-outflow billing"* means a billing method for
3 an eligible distributed generation facility whereby the net
4 metering interval is measured hourly or subhourly, and a
5 distributed generation customer makes payment and is credited
6 as provided in subsection 3, paragraph "b".

7 *g. "Net billing"* means a billing method for an eligible
8 distributed generation facility whereby the net metering
9 interval is equal to a monthly billing period, and a
10 distributed generation customer makes payment and is credited
11 as provided in subsection 3, paragraph "a".

12 *h. "Net metering"* means a single meter monitoring only
13 the net amount of electricity delivered to and exported by an
14 eligible distributed generation facility, which electricity
15 offsets electricity that would otherwise be purchased by a
16 distributed generation customer from the electric utility.

17 *i. "Statewide distributed generation penetration"* means
18 the aggregate nameplate capacity of all eligible distributed
19 generation facilities of electric utilities as a percentage of
20 the aggregate peak demand of all electric utilities.

21 2. *Publication of data.* The board shall collect data on
22 the nameplate capacity of eligible distributed generation
23 facilities, calculate the statewide distributed generation
24 penetration percentage, and publish the data and penetration
25 rate on an annual basis on the board's internet site.

26 3. *Billing methods.* An electric utility shall file either a
27 net billing or an inflow-outflow billing tariff with the board
28 to govern the billing and crediting of eligible distributed
29 generation facilities interconnected with the electric
30 distribution system of an electric utility as follows:

31 *a. (1)* An electric utility choosing to utilize the net
32 billing method shall file a tariff with the board whereby a
33 distributed generation customer pays all applicable charges,
34 including applicable rider charges approved by the board and
35 applied to non-net metering customers, for the electricity

1 delivered to the customer over the net metering interval.
2 A distributed generation customer shall be credited in
3 kilowatt-hours for energy exported to the electric utility over
4 the net metering interval. A distributed generation customer
5 may use the kilowatt-hour credits to offset kilowatt-hours
6 in future billing periods. The offset shall include any
7 applicable volumetric rider charges approved by the board and
8 applied to non-net metering customers.

9 (2) Any excess kilowatt-hours remaining at the end of
10 a twelve-month period shall be cashed out at the electric
11 utility's avoided cost rate with the funds from the cash out
12 divided evenly between the customer and the electric utility's
13 low-income home energy assistance program. The distributed
14 generation customer shall choose either a January or April cash
15 out date at the time of interconnection.

16 (3) Net billing shall not be limited in any way based on a
17 customer's peak demand.

18 (4) Net billing shall not include any fees or charges that
19 are not charged to customers in the same rate class that are
20 not net billing customers.

21 *b.* (1) An electric utility choosing to utilize the
22 inflow-outflow billing method shall file a tariff with the
23 board whereby a distributed generation customer pays all
24 applicable charges, including applicable rider charges approved
25 by the board and applied to non-net metering customers, for
26 the electricity delivered by the electric utility over the net
27 metering interval. The distributed generation customer is
28 credited in dollars at the outflow purchase rate for energy
29 exported to the utility over the net metering interval. The
30 distributed generation customer may use the dollar credits to
31 offset any applicable volumetric charges, including applicable
32 rider charges, billed on a kilowatt-hour basis.

33 (2) The electric utility shall select an hourly or subhourly
34 metering interval that balances the benefits of accurately
35 measuring power flows in each direction with the cost of

1 collecting, storing, and processing meter data.

2 (3) Inflow-outflow billing shall not be limited in any way
3 based on a customer's peak demand.

4 (4) Inflow-outflow billing shall not include any fees or
5 charges that are not charged to customers in the same rate
6 class that are not inflow-outflow customers.

7 (5) Prior to the board's approval of a value of solar
8 methodology and rate, the outflow purchase rate for an eligible
9 distributed generation facility shall be the applicable retail
10 volumetric rate, including applicable rider charges approved
11 by the board and applied to non-net metered customers. The
12 outflow purchase rate for any distributed generation facility
13 will continue to be the applicable retail volumetric rate
14 for a term of twenty years. Any change in ownership of such
15 eligible facility, or adoption and use by the electric utility
16 of a value-of-solar rate pursuant to subsection 4, shall not
17 impact the outflow purchase rate for the distributed generation
18 facility during the twenty-year term.

19 4. *Value of solar methodology.* If the board is petitioned
20 by an electric utility after July 1, 2027, or when the
21 statewide distributed generation penetration rate is equal to
22 five percent, whichever is earlier, the board shall initiate
23 a proceeding to develop a value of solar methodology and
24 rate for eligible distributed generation facilities. The
25 value of solar rate shall be determined through the use of a
26 methodology that calculates the benefits and costs an eligible
27 distributed generation facility provides to, or imposes on,
28 the electric system. The value of solar methodology shall
29 be applied independently to each electric utility. When the
30 board determines the value of solar methodology, it shall
31 determine if there is a need for separate methodologies for
32 other distributed generation technologies or if it can account
33 for the values of other technologies with modifications to the
34 value of solar methodology.

35 a. In establishing the methodology, the board shall initiate

1 a formal proceeding. The value of solar methodology shall be
2 determined through a study conducted by an independent third
3 party and overseen by the board. Interested parties shall have
4 the opportunity to comment and offer testimony on any proposed
5 value of solar methodology before it is adopted by the board.

6 *b.* The benefits and costs in a value of solar methodology
7 shall include all of the following factors as appropriate and
8 supported by known and measurable evidence:

- 9 (1) The cost of energy and fuel.
- 10 (2) Generation capacity and reserves.
- 11 (3) Transmission capacity and charges.
- 12 (4) Distribution capacity.
- 13 (5) Transmission and distribution line losses.
- 14 (6) Fixed and variable costs associated with plant
15 operations and maintenance.
- 16 (7) Environmental compliance costs.
- 17 (8) Integration costs.
- 18 (9) Grid support services.
- 19 (10) Other factors, based on known and measurable evidence
20 of the cost or benefit of solar operations to the electric
21 utility's electric system.

22 *c.* Upon approval of the value of solar methodology, the
23 outflow purchase rate shall be limited to either a five
24 percent increase or decrease from the previous outflow purchase
25 rate. The value of solar rate shall be recomputed annually
26 and reflected in the outflow purchase rate, limited to a
27 five percent increase or decrease from the previous outflow
28 purchase rate. If the utility switches from a net billing
29 method to an inflow-outflow billing method after the value of
30 solar methodology is approved, then the previous purchase rate
31 shall be the applicable retail volumetric rate including all
32 applicable rider charges approved by the board.

33 *d.* The board shall consider, review, and update as
34 appropriate the value of solar methodology at least every three
35 years after completion of the initial methodology.

1 e. After the board has approved a value of solar methodology
2 and rate, the outflow purchase rate shall be set using the
3 value of solar methodology. The outflow purchase rate for such
4 a facility will be fixed for a term of twenty years regardless
5 of any subsequent changes in the electric utility's outflow
6 purchase rate or changes in ownership of such facility.

7 5. *Forfeiture of outflow purchase credits.* Any outflow
8 purchase credits remaining at the end of an annual period
9 shall be forfeited to the rider used by the electric utility
10 pursuant to subsection 7. The distributed generation customer
11 shall choose either a January or April date at the time of
12 interconnection for the purposes of determining the annual
13 period.

14 6. *Proposal of separate rate classes.* An electric utility
15 shall not propose treating distributed generation customers
16 as a separate rate class in a general rate case prior to the
17 board's approval of a value of solar methodology or prior to
18 July 1, 2027, whichever is earlier. If an electric utility
19 chooses to propose a separate rate class for distributed
20 generation customers in a future proceeding, such a proposal
21 shall be approved or disapproved in accordance with section
22 476.6 and accompanying rules.

23 7. *Riders.* An electric utility shall be allowed to recover
24 the amounts credited to an eligible distributed generation
25 customer for outflow purchases pursuant to a rider. To the
26 extent an electric utility does not have such a rider, the
27 board shall allow an electric utility to establish a rider to
28 recover such amounts. For purposes of this subsection, "rider"
29 includes a fuel or energy adjustment clause.

30 8. *Preexisting tariff.* Any customer utilizing a net billing
31 tariff approved by the board on or before the availability
32 of inflow-outflow billing may continue to receive electric
33 service pursuant to the preexisting tariff for the remaining
34 duration of the contract regardless of any subsequent changes
35 in ownership of such facility.

1 9. *Use of funds collected through alternate energy purchase*
2 *programs.* An electric utility may use funds collected pursuant
3 to section 476.47 to offset any amounts that would otherwise be
4 recovered through a rider resulting from outflow purchases of
5 excess energy produced by an eligible distributed generation
6 facility.

7 10. *Reasonableness of net billing and inflow-outflow*
8 *billing.* When the statewide net metering penetration level
9 reaches ten percent, the board shall determine whether the
10 net billing and inflow-outflow billing methods are still
11 reasonable and shall make recommendations to the general
12 assembly. Regardless of the board's recommendations, existing
13 facilities shall continue to be eligible for the net billing
14 or inflow-outflow billing tariff in place at the time of
15 installation and for twenty years of operation thereafter.>

16 2. Title page, by striking lines 1 and 2 and inserting
17 <An Act relating to billing methods that may be utilized in
18 connection with distributed generation facilities.>